

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1101-02
Bill No.: HCS for HB 519
Subject: Employees - Employers; State Employees
Type: Original
Date: April 8, 2015

Bill Summary: This proposal requires state employers to suspend pay or charge annual or sick leave if employees are placed on administrative leave for more than fifteen days.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office, Department of Agriculture, Department of Economic Development, Public Service Commission, Department of Elementary and Secondary Education, Department of Higher Education, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration, Department of Mental Health, Department of Labor and Industrial Relations, Department of Revenue, Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Emergency Management Agency and the Veterans Commission) Department of Social Services, Office of the Governor, Joint Committee on Administrative Rules, Legislative Research, Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Ethics Commission, Missouri House of Representatives, Office of the Lieutenant Governor, Office of Prosecution Services, MoDOT & Patrol Employees' Retirement System, Office of Administration (Administrative Hearing Commission and Budget and Planning), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **State Fair Community College, the University of Missouri, the Missouri Western University, the Missouri State University, the Linn State Technical College and the University of Central Missouri** each assumed the proposal would have no fiscal impact on their respective organizations.

Officials from the **Missouri Department of Conservation** assume any potential fiscal impact arising from this proposal is unknown but likely minimal and less than \$100,000.

Officials from the **Office of Administration - Division of Personnel (OA)** assume cost associated with revising the leave rules could be absorbed with existing resources. OA assumes instances in which administrative leave is granted remains fairly minimal, cost to conduct hearings could be absorbed; however, if there is an increase in misconduct or other situations in which granting administrative leave is necessary, additional appropriations for staff to conduct hearings could be necessary.

ASSUMPTION (continued)

In response to a previous version, officials from the **Office of Administration - Division of Accounting (OA)** stated during calendar year 2014, there were 155 employees that were paid for more than 15 days of administrative leave. However, we are unable to determine at this time whether those days were consecutive and whether the use of administrative leave was "due to misconduct or investigation of misconduct" as provided in the bill. Administrative leave may be used for many purposes other than investigation of misconduct.

OA officials assumed that the state could not involuntarily place an employee on leave without pay during an investigation into misconduct, as that would amount to a suspension without cause. Accordingly, OA officials must assume that no cost savings would be realized by the proposal.

The proposal could result in the use of additional annual leave by an employee under investigation for misconduct. If that employee then left state employment with a reduced annual leave balance, a cost savings could theoretically be realized. OA officials are unable to calculate the amount of any such savings at this time.

Officials from the **Department of Social Services (DSS)** assume this proposal amends Chapter 105 RSMo. by adding a new section 105.264 RSMo. to require all state agencies to hold an administrative hearing for any employee they place on administrative leave within thirty days of putting him/her into such status to determine if s/he engaged in misconduct. Further, state agencies are also required to advise employees placed on administrative leave in writing of the reason or reasons for doing so within three days of doing so. The proposed section 105.264.1 RSMo. defines "administrative leave" as time off without charge to any annual or sick leave or loss of pay due to misconduct or investigation of misconduct of an employee. Therefore, the bill would seemingly not impact the use of administrative leave without pay.

DSS anticipates that this proposal would require the addition of at least one Investigator III FTE dedicated exclusively to the investigation of employee misconduct cases in order to even have a chance of meeting the time standards imposed by the bill at section 105.264.2 and 3 RSMo.

Officials from the **Department of Corrections (DOC)** assume this proposal requires administrative hearings be held within thirty days of the date an employee was placed on leave. The Department would be required to hire two additional Human Resource Officer II to decrease the current time frame on investigations and hearings.

ASSUMPTION (continued)

Oversight assumes the DSS and the DOC is provided with core funding to handle a certain amount of activity each year. Oversight assumes the DSS and the DOC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, the DSS and the DOC could request funding through the appropriation process.

Oversight also assumes there will be no cost savings as a result this proposal.

| <u>FISCAL IMPACT - State Government</u> | FY 2016 (10 Mo.) | FY 2017 | FY 2018 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2016 (10 Mo.) | FY 2017 | FY 2018 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

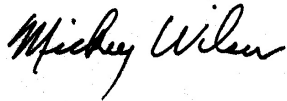
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Agriculture
Department of Economic Development
 Public Service Commission
Department of Elementary and Secondary Education
Department of Higher Education
Department of Social Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
Department of Public Safety
 Office of the Director
 Capitol Police
 Alcohol & Tobacco Control
 Fire Safety
 Gaming Commission
 Missouri Highway Patrol
 State Emergency Management Agency
 Veterans Commission
Department of Social Services
Office of the Governor
Joint Committee on Administrative Rules
Legislative Research
Missouri Lottery Commission
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Office of Prosecution Services
MoDOT & Patrol Employees' Retirement System
Office of Administration
Office of Administration
 Administrative Hearing Commission
 Office of Administration - Budget and Planning

SOURCES OF INFORMATION (continued)

Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission



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April 8, 2015

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